



State of Utah

Department of
Natural ResourcesMICHAEL R. STYLER
Executive DirectorDivision of
Oil, Gas & MiningJOHN R. BAZA
Division DirectorJON M. HUNTSMAN, JR.
GovernorGARY R. HERBERT
Lieutenant Governor**Inspection Report**

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Tuesday, August 26, 2008
Start Date/Time:	8/26/2008 8:30:00 AM
End Date/Time:	8/26/2008 12:20:00 PM
Last Inspection:	Thursday, July 17, 2008

Inspector: Pete Hess, Environmental Scientist IIIWeather: Sunny, cooler; 70's F.InspectionID Report Number: 1750

Accepted by:

9/2/08

Representatives Present During the Inspection:

Company	Vicky S. Miller	Environmental Specialist
OGM	Pete Hess	Environmental Scientist III

Permittee: **CANYON FUEL COMPANY LLC**
 Operator: **CANYON FUEL COMPANY LLC**
 Site: **DUGOUT CANYON MINE**
 Address: **PO BOX 1029, WELLINGTON UT 84542**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

9,471.00	Total Permitted
51.10	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☒ Federal
☒ State
☐ County
☒ Fee
☐ Other

Types of Operations

- ☒ Underground
☐ Surface
☐ Loadout
☐ Processing
☐ Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The DOGM electronic water monitoring data base pipeline contains surface and ground water monitoring information for the second quarter of 2008. The Permittee continues to meet this Special Condition of the current State permit. There are no pending compliance actions for this permit area.

Inspector's Signature:

Date

Tuesday, August 26, 2008

Pete Hess, Environmental Scientist III

Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Division Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

The "as-built" information for the AMV road (degasification well access G-18 and G-31) has been submitted and is identified as Task ID # 3025; review is pending. The Permittee submitted an application to permit degasification wells G-21 and G-22 on August 27, 2008. The assignment of a Task ID # is pending.

4.a Hydrologic Balance: Diversions

The Permittee was observed cleaning the ditch paralleling the road accessing the water tank, Gilson well, and explosive storage magazines. Brush and rock debris have accumulated in the flow path of this diversion.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The Permittee completed the cleanout of the Mine site sediment pond on August 8, 2008. To date, the Permittee has not re-certified that pond to meet the requirements of R645-301-514.312. Both the Mine site pond and the waste rock pond contained small water volumes this day. Both elevations were well below the primary or open channel spillway elevation. No compliance issues were noted.

4.e Hydrologic Balance: Effluent Limitations

Mr. Jeff Studenka of the Utah DWQ visited the Dugout Mine UPDES containments, outfalls and receiving waters on August 12, 2008. No deficiencies were noted during that inspection. DWQ water sampling personnel were on site this day, sampling the UPDES mine water discharge at 001 (Dugout Creek above the stockpile area).

7. Coal Mine Waste, Refuse Piles, Impoundments

Coal waste was being spread and compacted this day. Non-coal waste was not observed in that material. The Permittee intends to move the topsoil and subsoil volumes from their present location to locations adjacent to the access / County road junction. The purpose of doing this is to allow more acreage for waste storage, and lower the overall elevation of the pile, which will help in meeting approximate original contour requirements.

9. Protection of Fish, Wildlife and Related Environmental Issues

A golden eagle was observed eating carrion on the Pace Canyon access road in Clark's Valley. The dead animal was removed from the road after the eagle flew away.

11. Contemporaneous Reclamation

Degasification wells G-2 and G-5 were inspected; both have been reclaimed, although the wells have not been plugged. According to Ms. Miller, MSHA has a new policy which does not require sealing off of the well casing with grout. This new MSHA policy is not in agreement with R645-301-551.

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16.b Roads: Drainage Controls

The water bars on the Pace Canyon fan portal road need to be redefined. Ms. Miller also noted this and discussed the work order with Mr. Delbert Thayn during today's inspection.

18. Support Facilities, Utility Installations

The Permittee is currently drilling degasification well G-31B (the second bore at the G-31 site). G-18B has recently been completed.